

Message Text

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PAGE 01 STATE 078194

65-61

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 SS-15 L-02 SP-02 PRS-01

INR-07 SSO-00 INRE-00 /047 R

DRAFTED BY EB/IFD/OMA:MTMINNIES

APPROVED BY EB/IFD:RJRYAN

EUR/EE:DMILLER (SUBS)

TREASURY:DGOODMAN (SUBS)

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O 071929Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST IMMEDIATE

C O N F I D E N T I A L STATE 078194

E.O. 11652: GDS

TAGS: EFIN, HU

SUBJECT: SETTLEMENT OF PRE-WW II COMMODITIES DEBT

REF: (A) BUDAPEST 892; (B) STATE 119924 6/20/73

1. DEPT HAS BEEN COMPILING BACKGROUND ON ORIGIN AND CURRENT STATUS OF 1924 DEBT DESCRIBED REF A AND BRIEFLY OUTLINED REF B. HOWEVER, GOH PROPOSAL TO NEGOTIATE THIS BOND DEBT THROUGH FOREIGN BONDHOLDERS PROTECTIVE COUNCIL (FBPC) POSES POTENTIAL LEGAL AND POLICY PROBLEMS.

2. WE UNDERSTAND AKAR ARRIVED NEW YORK APRIL 6 AND SCHEDULED TO MEET WITH LYLE OF FBPC ON APRIL 7 AND 8. PRELIMINARY DRAFT SUBMITTED BY GOH APPEARS ACCEPTABLE TO FBPC AND ONLY SEVERAL SMALL LEGAL DETAILS REMAIN TO BEWORKED OUT. THIS SHOULD ONLY TAKE ONE OR TWO MEETINGS. AKAR MAY STAY IN NEW YORK TO MEET WOODS ON APRIL 14 WHEN LATTER ARRIVES.

3. WE DO NOT BELIEVE 1924 DEBT COULD BE SETTLED BEFORE FINAL BOND SETTLEMENT IS REACHED THIS MONTH. HOWEVER, WE
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WILL INFORM LYLE OF AKAR'S PROPOSAL PER REF A AND SUGGEST

LYLE REFER AKAR TO DEPT. SHOULD ISSUE BE RAISED. WE CAN
THEN EXPLORE DIFFICULTIES IN AKAR'S PROPOSAL WITH HIM. INGERSOLL

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